

Mr. R. W. Hoffman
Senior Subcontract Administrator
McDonnell Douglas Electronics
Company
P.O. Box 426
St. Charles, Missouri 63301

July 9, 1982

SUBJECT: MDEC RFQ 1802-RWH-984 dated 6 July 1982

Dear Mr. Hoffman:

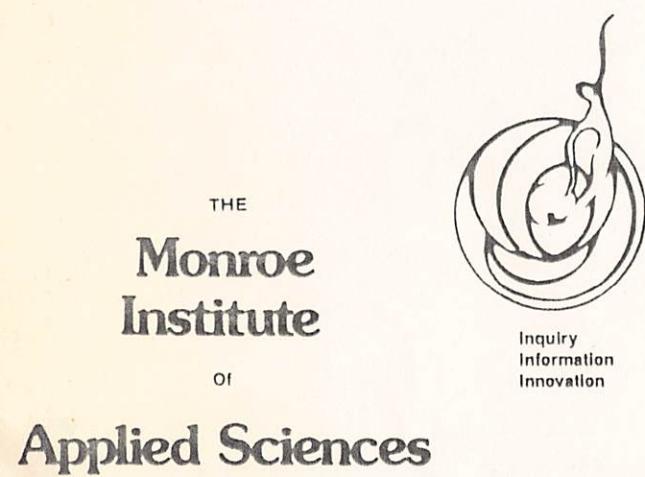
We very much appreciate the opportunity to join your organization in pursuing a contract for the Development and Field Evaluation of a Sleep Restorative Trainer as described in your preliminary proposal. In accordance with your request we have enclosed the executed original of the Teaming Agreement. In addition we are pleased to submit our firm fixed price offer for our portion of the effort which will be valid for 120 days after receipt by your organization.

The RFQ has been carefully reviewed along with the enclosures. As a result of the review we have several comments relative to the enclosures which we are submitting for your review:

Enclosure I - Statement of work is satisfactory.

Enclosure 2 - Line item 13 (Demonstration Exercise). It is suggested that the start date be moved back two weeks to allow the two weeks training period for the selected group before the start of the exercise.

Enclosure 3 - Accepted with the proviso that the development of a tape in an art and borders on what be termed trade secrets. Therefore the actual preparation of the tape is excluded.



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Enclosure 4 - We are a privately owned organization with no previous history of working with DOD contracts. As a result, our auditing system including the costs and pricing are proprietary. We therefore request that this requirement be deleted from the contract.

Enclosure 5 - For the reasons stated relative to Enclosure 4, we request that an exemption be granted on this item.

Enclosure 6 - We have executed this document and have taken the exemption of Item 3.

Enclosure 7 - We request an exemption on this enclosure on the grounds we have fewer than 50 employees.

Enclosure 8 - We accept this enclosure.

Enclosure 9 - For the reasons stated for Enclosure 4 we request that an exemption be granted for this item.

Enclosure 10- For the reasons stated for Enclosure 4 we request that an exemption be granted for this item.

Enclosure 11- For the reasons stated for Enclosure 4 we request that an exemption be granted for this item.

Enclosure 12- For the reasons stated for Enclosure 4 we request that an exemption be granted for this item.

Enclosure 13- Data is provided as we believe is necessary for the satisfactory completion of our portion of the agreement.

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Due to the time required for the completion of the contract and financial reviews thereafter, we will require progress payments as part of our participation in the program.

Our firm fixed price for our portion of the team effort is \$232,215.00. This price includes an earning component of 15%. A significant effort in our program is an evaluation program to ascertain how much the sleep cycle can be compressed with persons that have not been trained in the HEMI-SYNC process, before the demonstration program with the customer. We very much appreciate this opportunity to work with you in this pioneering effort for a Sleep Restorative Trainer. Should you have any questions or desire additional information, please do not hesitate to contact us.

Sincerely yours,

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R. F. Korbesmeyer
Director of Administration

Enclosures: Teaming Agreement
Facilities Questionnaire